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COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS930417

CHURCH OF GOD IN CHRIST

HOSPITAL FUND,

Defendant

HEARING EXAMINER'S RULING

November 16, 2001

On October 17, 2001, the Bureau of Insurance (the "Bureau") filed a Motion to Expand the Scope of a Rule to Show Cause previously issued by the Commission against the Church of God in Christ Hospital Fund ("Defendant"). In the original Rule, issued on September 6, 1996, the Bureau alleged that the Defendant had violated § 38.2-1024 of the Code of Virginia by transacting the business of insurance in Virginia without first obtaining a license from the Commission: to wit: on or about February 11, 1993, the Bureau received a complaint from a resident of Norfolk, Virginia, stating that the Defendant had not paid certain insurance claims, and a further examination indicated that approximately 78 Virginia residents were insured by the Defendant. Upon the Bureau's motion, the case was continued generally to allow Defendant time to locate a licensed insurer to assume its accident and sickness insurance policies.

Upon information and belief, the Bureau now asserts that Defendant took no action to place its Virginia policyholders with a licensed insurer and has continued to issue and renew policies of insurance in Virginia without a license. Specifically, the Bureau contends that there are currently 13 residents of Virginia who have obtained accident and sickness insurance from Defendant and whose policies currently are in force, who may or may not have been a part of the original examination. Those policies may not have been within the scope of the Rule issued in 1996. The Bureau therefore requests that this case be expanded to direct Defendant to also show cause why issuance and maintenance of those 13 policies without a license does not constitute violation of § 38.2-1024 of the Code of Virginia. The Bureau further requests that this matter be set for hearing at the earliest possible date.

Upon consideration of the Motion, I find that this case should be expanded to include consideration of the issuance and maintenance of the 13 policies the Bureau identified, and a hearing should be set. Accordingly,

IT IS DIRECTED:

- (1) That the Bureau's Motion is granted, and this case is hereby expanded;
- (2) That on or before December 20, 2001, Defendant shall file an original and fifteen copies of an Answer in which it shall admit or deny the allegations that it violated § 38.2-1024 of the Code of Virginia on numerous occasions when it previously insured approximately 78 Virginia residents, and currently is insuring 13 Virginia residents. If Defendant denies any of the allegations, it shall set forth in the Answer a full and clear statement of the facts which form the basis of the denial, as well as any affirmative defenses which may be asserted. Defendant shall expressly indicate in the Answer whether or not it desires and intends to appear and be heard before the Commission on the scheduled hearing date. The Answer shall be delivered to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. The Answer shall also contain a caption setting forth the case number of this case;
- (3) That Defendant shall be in default if it fails to timely file an Answer, or if it files such pleading and fails to make an appearance at the hearing. If Defendant is in default, it shall waive all objections to the admissibility of evidence and may have entered against it a judgment by default imposing some or all of the aforesaid sanctions; and
- (4) That Defendant appear in the Commission's Courtroom, 2nd Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, at 10:00 a.m. on January 10, 2002, and show cause, if any, why the Commission should not, in addition to a penalty under Virginia Code § 38.2-218, order Defendant to cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-1024.

Deborah V. Ellenberg
Chief Hearing Examiner